

SENATE BILL No. 365

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-8; IC 5-10.3-8-14.

Synopsis: State employee retirement health benefits. Provides for group health insurance coverage for a state employee who retires under the rule of 85 after June 30, 2006, and the retired state employee's spouse. Allows the state to make monetary contributions for state employees to cover health care related costs.

Effective: July 1, 2006.

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January 11, 2006, read first time and referred to Committee on Appropriations.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE BILL No. 365

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10-8-8.3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 8.3. (a) As used in this
3 section, "department" refers to the state personnel department.
4 (b) The department shall establish, or contract for the establishment
5 of, at least two (2) retiree health benefit plans to be available for former
6 employees of:
7 (1) the state; and
8 (2) the legislative branch of government;
9 whose employer elects under section 8(j) **or 8.5** of this chapter to
10 permit its former employees to continue to participate in a health
11 insurance program under this chapter after the employees have become
12 eligible for Medicare coverage. At least one (1) of the plans offered to
13 former employees must include coverage for prescription drugs
14 comparable to a Medicare plan that provides prescription drug benefits.
15 SECTION 2. IC 5-10-8-8.5 IS ADDED TO THE INDIANA CODE
16 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
17 1, 2006]: **Sec. 8.5. (a) As used in this section, "retired state**

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employee" refers to a retired state employee:

(1) whose retirement date is after June 30, 2006;

(2) who is eligible for normal retirement under a public pension fund because, on the date of retirement:

(A) the retired state employee's age in years plus the retired state employee's years of service is equal to at least eighty-five (85); and

(B) the retired state employee is at least fifty-five (55) years of age; and

(3) who is not eligible on the date of retirement for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

(b) The state shall provide to a retired state employee a group health insurance program equal to the group health insurance program offered to active state employees.

(c) A retired state employee and the retired state employee's spouse may participate in the group health insurance program under subsection (b) if the retired state employee:

(1) pays an amount equal to the employee's premium for the group health insurance for an active state employee; and

(2) within ninety (90) days after the employee's retirement date files a written request for group health insurance coverage with the state employer.

However, the state employer may elect to pay any part of the retired state employee's share of the premium described in subdivision (1).

(d) Except as provided in subsection (f), a retired state employee's eligibility to continue group health insurance coverage under this section ends when the:

(1) retired state employee becomes eligible for Medicare as prescribed by 42 U.S.C. 1395 et seq.; or

(2) state employer terminates the group health insurance program.

(e) Eligibility of a retired state employee's spouse to continue group health insurance coverage under this section is unaffected by the retired state employee's death if the spouse pays the amount the retired state employee would have been required to pay for the spouse's group health insurance coverage under this section. The surviving spouse's eligibility ends on the earliest of the following:

(1) Except as provided in subsection (f), when the surviving spouse becomes eligible for Medicare as prescribed by 42 U.S.C. 1395 et seq.

(2) When the state employer terminates the group health

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1 insurance program.

2 (3) Two (2) years after the date of the retired state employee's
3 death.

4 (4) The date of the surviving spouse's remarriage.

5 (f) A state employer may elect to permit a retired state employee
6 and the retired employee's spouse, including a surviving spouse, to
7 continue to participate in a group health insurance program under
8 this section after the retired state employee (who is otherwise
9 qualified under this section to participate in a group health
10 insurance program) or the retired state employee's spouse has
11 become eligible for Medicare coverage as prescribed by 42 U.S.C.
12 1395 et seq. A state employer that makes an election under this
13 subsection may require a person who continues coverage under
14 this subsection to participate in a retiree health benefit plan
15 developed under section 8.3 of this chapter.

16 SECTION 3. IC 5-10.3-8-14, AS ADDED BY P.L.220-2005,
17 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 JULY 1, 2006]: Sec. 14. (a) This section applies to employees of the
19 state (as defined in IC 5-10.3-7-1(d)) who are members of the fund.

20 (b) The board shall adopt provisions to establish a retirement
21 medical benefits account within the fund under Section 401(h) or as a
22 separate fund under another applicable section of the Internal Revenue
23 Code for the purpose of converting unused excess accrued leave to a
24 monetary contribution for an employee of the state to fund on a pretax
25 basis benefits for sickness, accident, hospitalization, and medical
26 expenses for the employee and the spouse and dependents of the
27 employee after the employee's retirement.

28 (c) The board is the trustee of the account described in subsection
29 (b). The account must be qualified, as determined by the Internal
30 Revenue Service, as a separate account within the fund whose benefits
31 are subordinate to the retirement benefits provided by the fund.

32 (d) The board may adopt rules under IC 5-10.3-3-8 that it considers
33 appropriate or necessary to implement this section after consulting with
34 the state personnel department. The rules adopted by the board under
35 this section must:

- 36 (1) be consistent with the federal and state law that applies to:
37 (A) the account described in subsection (b); and
38 (B) the fund; and
39 (2) include provisions concerning:
40 (A) the type and amount of leave that may be converted to a
41 monetary contribution;
42 (B) the conversion formula for valuing any leave that is

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- 1 converted;
- 2 (C) the manner of employee selection of leave conversion; and
- 3 (D) the vesting schedule for any leave that is converted.
- 4 (e) The board may adopt the following:
- 5 (1) Account provisions governing:
- 6 (A) the investment of amounts in the account; and
- 7 (B) the accounting for converted leave.
- 8 (2) Any other provisions that are necessary or appropriate for
- 9 operation of the account.
- 10 (f) The account described in subsection (b) may be implemented
- 11 only if the board has received from the Internal Revenue Service any
- 12 rulings or determination letters that the board considers necessary or
- 13 appropriate.
- 14 (g) To the extent allowed by:
- 15 (1) the Internal Revenue Code; and
- 16 (2) rules adopted by:
- 17 (A) the board under this section; and
- 18 (B) the state personnel department under IC 5-10-1.1-7.5;
- 19 employees of the state may convert unused excess accrued leave to a
- 20 monetary contribution under this section and under IC 5-10-1.1-7.5.
- 21 **(h) To the extent allowed by federal law, the state may make**
- 22 **additional monetary contributions to an account established under**
- 23 **subsection (b) or another employee account established to pay**
- 24 **insurance premiums or health care costs.**

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